

MENDOCINO COUNTY ECONOMIC FORECAST

Mendocino County is located on the coast of Northern California. The county is noted for its distinctive Pacific Ocean coastline, Redwood forests, and wine production. Redwood Valley is the principal wine-growing region in the county. Lake Mendocino is the largest recreational area, offering year-round boating, fishing, water skiing, and hiking.

Mendocino County has a population of 89,000 people and a total of 32,500 wage and salary jobs. The per capita income in Mendocino County is \$45,103 and the average salary per worker is \$46,180.

In 2016, Mendocino County gained 470 wage and salary jobs, representing an increase of 1.5 percent. The unemployment rate improved during the year, dropping from 5.8 percent in 2015 to 5.2 percent in 2016.

During 2016, the largest job gains were observed in leisure and hospitality (+130 jobs), healthcare and education (+100 jobs), government (+100 jobs), manufacturing (+70 jobs), and wholesale and retail trade (+50 jobs). The largest losses were in professional and business services (-40 jobs).

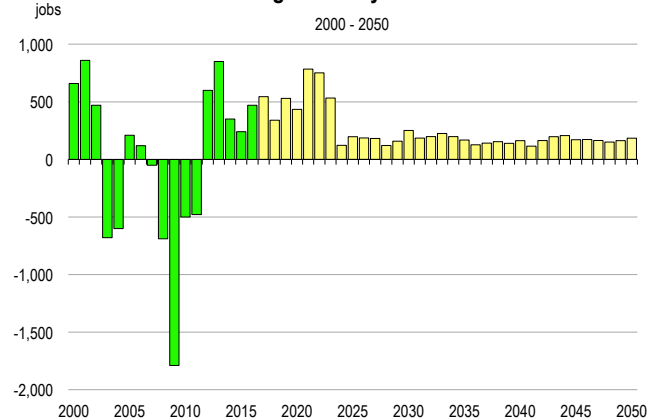
Between 2011 and 2016, the population of Mendocino County increased at an annual average rate of 0.4 percent. This growth was due entirely to the natural increase (new births), as net migration was negative.

In 2016, California voters elected to legalize the cannabis industry. When this legalization takes effect, the value of Mendocino County agricultural output will increase significantly.

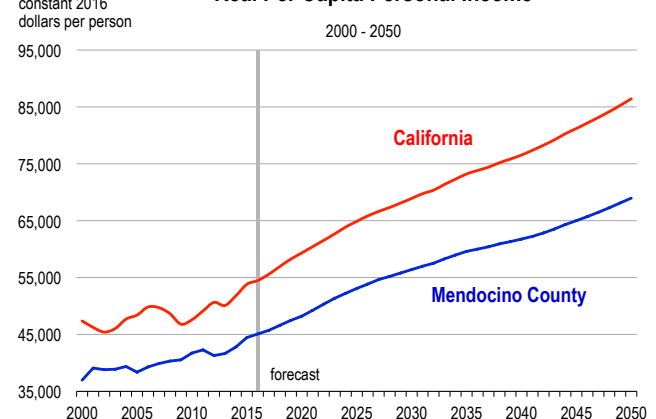
FORECAST HIGHLIGHTS

- In 2017, total wage and salary employment will expand by 1.7 percent. From 2017 to 2022, growth will average 1.7 percent per year.
- Average salaries are currently below the California state average, and will remain so over the forecast period. In Mendocino County, inflation-adjusted salaries are expected to rise by an average of 1.2 percent per year from 2017 to 2022.
- Between 2017 and 2022, the strongest employment growth will be observed in manufacturing, leisure and hospitality, education and healthcare, and agriculture. These industries will account for 94 percent of net job creation in the county.
- In the coming years, the population of Mendocino County will increase slowly. Annual population growth in the 2017-2022 period will average 0.5 percent.

Total Wage & Salary Job Creation



Real Per Capita Personal Income

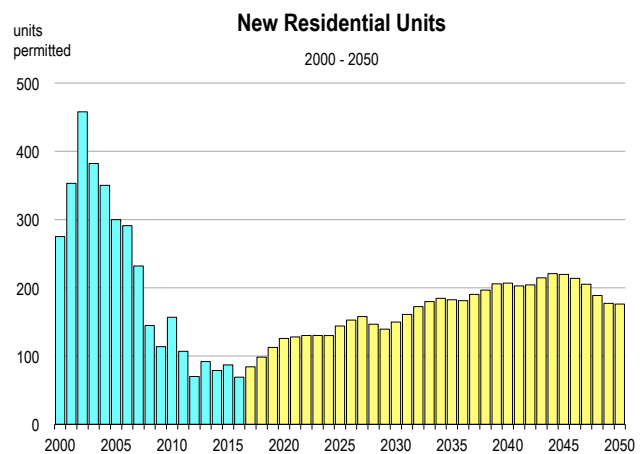
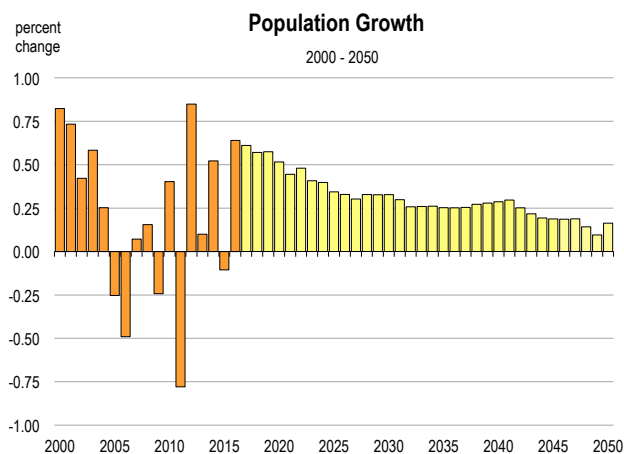


- Between 2017 and 2022, an average of 295 net migrants will enter the county each year, accounting for 63 percent of all population growth.
- Real per capita income is forecast to increase by 1.4 percent in 2017. Between 2017 and 2022, real per capita income is expected to increase at an average rate of 1.9 percent per year.
- Total taxable sales, adjusted for inflation, are forecast to increase by an average annual rate of 1.4 percent between 2017 and 2022.
- Between 2017 and 2022, the growth rate of industrial production will average 1.6 percent per year.
- Total crop production is expected to rise by an average of 38 percent per year between 2017 and 2022. These sharp increases will be the result of the legalization of the Mendocino County cannabis industry.

Mendocino County Economic Forecast

2010-2016 History, 2017-2050 Forecast

| | Population (people) | Net Migration (people) | Registered Vehicles (thousands) | Households (thousands) | New Homes Permitted (homes) | Total Taxable Sales (billions) | Personal Income (billions) | Real Per Capita Income (dollars) | Inflation Rate (% change in CPI) | Real Farm Crop Value (millions) | Real Industrial Production (millions) | Unemploy- ment Rate (percent) |
|------|------------------------|------------------------------|---------------------------------------|---------------------------|-----------------------------------|--------------------------------------|----------------------------------|--|--|---------------------------------------|---|-------------------------------------|
| 2010 | 87,921 | 51 | 111.7 | 34.9 | 157 | \$1.08 | \$3.26 | \$41,726 | 1.3 | 130.7 | 752.2 | 11.6 |
| 2011 | 87,236 | -873 | 110.2 | 35.0 | 107 | \$1.16 | \$3.37 | \$42,298 | 2.7 | 126.5 | 747.2 | 11.4 |
| 2012 | 87,976 | 420 | 108.9 | 34.7 | 70 | \$1.22 | \$3.39 | \$41,285 | 2.7 | 155.4 | 838.2 | 10.0 |
| 2013 | 88,064 | -137 | 111.6 | 34.3 | 92 | \$1.30 | \$3.47 | \$41,659 | 2.3 | 165.5 | 864.0 | 8.3 |
| 2014 | 88,523 | 240 | 113.1 | 34.3 | 79 | \$1.33 | \$3.65 | \$42,829 | 2.8 | 144.8 | 872.5 | 7.0 |
| 2015 | 88,429 | -268 | 115.6 | 34.2 | 87 | \$1.38 | \$3.84 | \$44,461 | 2.6 | 141.3 | 798.6 | 5.8 |
| 2016 | 88,995 | 352 | 118.7 | 34.2 | 69 | \$1.44 | \$4.01 | \$45,103 | 3.0 | 136.7 | 811.5 | 5.2 |
| 2017 | 89,539 | 362 | 121.3 | 34.2 | 84 | \$1.50 | \$4.22 | \$45,733 | 3.1 | 157.1 | 910.0 | 4.6 |
| 2018 | 90,049 | 332 | 123.8 | 34.2 | 98 | \$1.56 | \$4.44 | \$46,595 | 3.0 | 187.4 | 903.7 | 4.3 |
| 2019 | 90,567 | 340 | 126.2 | 34.1 | 113 | \$1.63 | \$4.68 | \$47,480 | 2.6 | 257.7 | 920.5 | 4.2 |
| 2020 | 91,034 | 294 | 128.6 | 34.1 | 126 | \$1.69 | \$4.91 | \$48,224 | 3.1 | 288.2 | 953.7 | 4.3 |
| 2021 | 91,438 | 235 | 130.9 | 34.1 | 128 | \$1.76 | \$5.18 | \$49,239 | 3.0 | 488.6 | 962.5 | 4.4 |
| 2022 | 91,877 | 272 | 133.3 | 34.1 | 130 | \$1.84 | \$5.46 | \$50,333 | 3.0 | 789.0 | 984.2 | 4.6 |
| 2023 | 92,251 | 212 | 135.6 | 34.1 | 130 | \$1.91 | \$5.74 | \$51,361 | 3.0 | 1089.5 | 1,009.2 | 4.8 |
| 2024 | 92,618 | 209 | 137.8 | 34.1 | 130 | \$1.98 | \$6.01 | \$52,232 | 2.9 | 1114.9 | 1,028.7 | 4.9 |
| 2025 | 92,936 | 166 | 139.9 | 34.1 | 144 | \$2.06 | \$6.27 | \$53,097 | 2.9 | 1140.3 | 1,051.4 | 5.0 |
| 2026 | 93,242 | 157 | 141.8 | 34.1 | 153 | \$2.14 | \$6.53 | \$53,862 | 2.8 | 1150.7 | 1,073.6 | 5.0 |
| 2027 | 93,523 | 141 | 143.7 | 34.2 | 158 | \$2.21 | \$6.79 | \$54,650 | 2.9 | 1156.1 | 1,100.3 | 5.1 |
| 2028 | 93,830 | 171 | 145.4 | 34.2 | 147 | \$2.29 | \$7.06 | \$55,208 | 2.7 | 1161.5 | 1,127.4 | 5.1 |
| 2029 | 94,137 | 175 | 147.1 | 34.2 | 139 | \$2.37 | \$7.32 | \$55,789 | 2.5 | 1167.0 | 1,155.6 | 5.1 |
| 2030 | 94,445 | 184 | 148.7 | 34.2 | 150 | \$2.47 | \$7.59 | \$56,411 | 2.4 | 1172.4 | 1,184.1 | 5.1 |
| 2031 | 94,727 | 162 | 150.3 | 34.2 | 161 | \$2.56 | \$7.85 | \$57,020 | 2.3 | 1177.8 | 1,213.5 | 5.1 |
| 2032 | 94,971 | 129 | 151.7 | 34.3 | 172 | \$2.66 | \$8.13 | \$57,524 | 2.5 | 1188.2 | 1,243.8 | 5.1 |
| 2033 | 95,217 | 134 | 153.2 | 34.3 | 180 | \$2.75 | \$8.41 | \$58,282 | 2.1 | 1188.6 | 1,274.7 | 5.1 |
| 2034 | 95,465 | 138 | 154.5 | 34.4 | 185 | \$2.85 | \$8.71 | \$58,957 | 2.3 | 1190.0 | 1,306.5 | 5.1 |
| 2035 | 95,706 | 134 | 155.8 | 34.4 | 183 | \$2.94 | \$9.02 | \$59,595 | 2.4 | 1191.4 | 1,339.0 | 5.1 |
| 2036 | 95,947 | 140 | 157.1 | 34.4 | 181 | \$3.03 | \$9.34 | \$60,019 | 2.8 | 1192.7 | 1,372.5 | 5.1 |
| 2037 | 96,191 | 146 | 158.3 | 34.5 | 190 | \$3.14 | \$9.68 | \$60,415 | 2.9 | 1194.1 | 1,406.7 | 5.0 |
| 2038 | 96,452 | 169 | 159.4 | 34.5 | 197 | \$3.24 | \$10.03 | \$60,913 | 2.7 | 1195.5 | 1,441.9 | 5.0 |
| 2039 | 96,721 | 184 | 160.5 | 34.6 | 206 | \$3.34 | \$10.40 | \$61,314 | 2.9 | 1196.8 | 1,477.9 | 5.0 |
| 2040 | 96,998 | 199 | 161.6 | 34.6 | 207 | \$3.45 | \$10.78 | \$61,759 | 2.8 | 1198.2 | 1,515.0 | 5.0 |
| 2041 | 97,285 | 216 | 162.6 | 34.7 | 203 | \$3.55 | \$11.16 | \$62,261 | 2.6 | 1199.0 | 1,552.9 | 5.0 |
| 2042 | 97,530 | 181 | 163.6 | 34.7 | 204 | \$3.66 | \$11.56 | \$62,851 | 2.5 | 1199.7 | 1,591.9 | 5.0 |
| 2043 | 97,741 | 157 | 164.5 | 34.8 | 215 | \$3.77 | \$11.96 | \$63,527 | 2.4 | 1200.4 | 1,631.9 | 5.0 |
| 2044 | 97,930 | 143 | 165.5 | 34.9 | 221 | \$3.87 | \$12.38 | \$64,324 | 2.2 | 1201.0 | 1,672.9 | 5.0 |
| 2045 | 98,114 | 145 | 166.4 | 34.9 | 220 | \$3.98 | \$12.81 | \$65,009 | 2.4 | 1201.7 | 1,715.0 | 5.0 |
| 2046 | 98,296 | 152 | 167.3 | 35.0 | 214 | \$4.09 | \$13.25 | \$65,746 | 2.3 | 1202.2 | 1,758.2 | 5.0 |
| 2047 | 98,481 | 162 | 168.1 | 35.1 | 205 | \$4.20 | \$13.71 | \$66,489 | 2.3 | 1202.8 | 1,802.4 | 5.0 |
| 2048 | 98,621 | 125 | 169.0 | 35.1 | 189 | \$4.32 | \$14.18 | \$67,270 | 2.3 | 1203.4 | 1,847.9 | 5.0 |
| 2049 | 98,715 | 90 | 169.8 | 35.2 | 177 | \$4.44 | \$14.68 | \$68,110 | 2.3 | 1203.9 | 1,894.5 | 5.0 |
| 2050 | 98,876 | 162 | 170.6 | 35.3 | 176 | \$4.57 | \$15.20 | \$68,982 | 2.3 | 1204.4 | 1,942.4 | 5.0 |

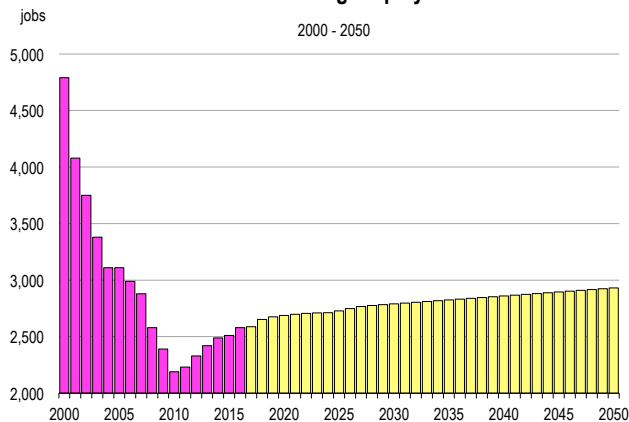


Mendocino County Employment Forecast

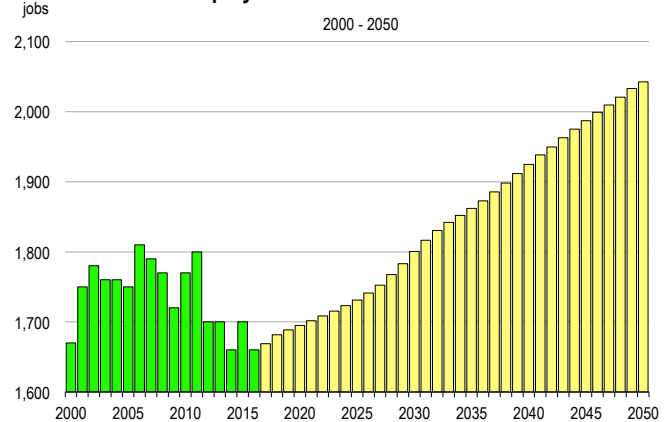
2010-2016 History, 2017-2050 Forecast

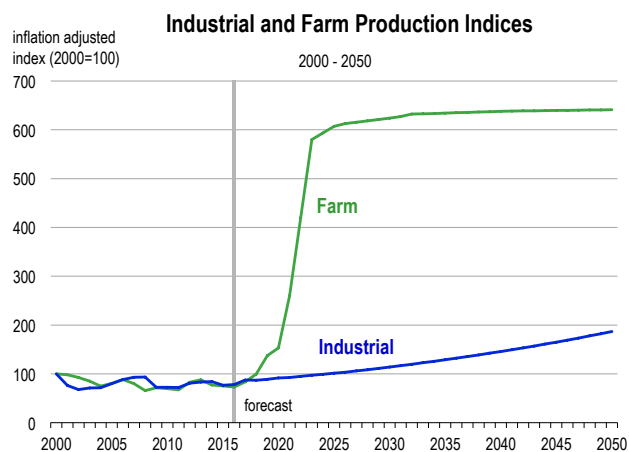
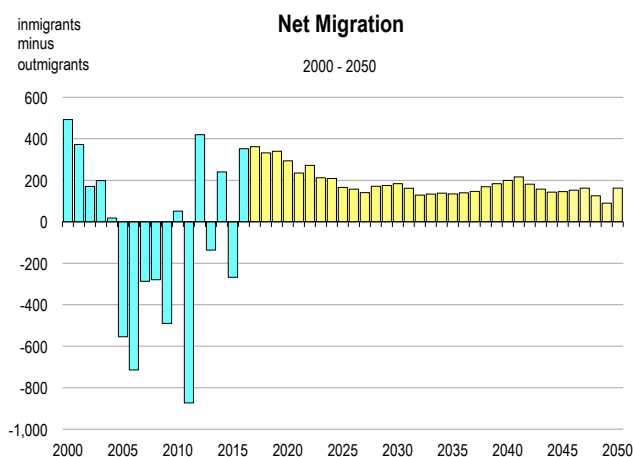
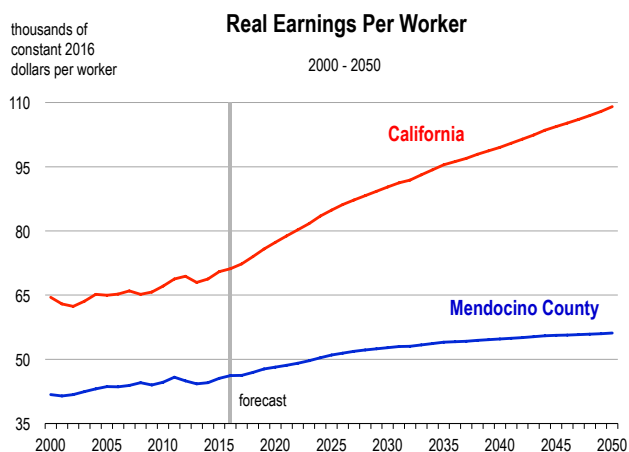
| | Total Wage & Salary | Farm | Construction | Manufac- turing | Transportation & Utilities | Wholesale & Retail Trade | Financial Activities | Professional Services | Information | Health & Education | Leisure | Government |
|--|------------------------|------|--------------|--------------------|-------------------------------|-----------------------------|-------------------------|--------------------------|-------------|-----------------------|---------|------------|
| -----employment (thousands of jobs)----- | | | | | | | | | | | | |
| 2010 | 30.5 | 1.6 | 0.9 | 2.2 | 0.6 | 5.1 | 1.2 | 1.8 | 0.3 | 4.9 | 3.7 | 7.3 |
| 2011 | 30.0 | 1.5 | 0.9 | 2.2 | 0.6 | 5.0 | 1.1 | 1.8 | 0.3 | 4.9 | 3.6 | 7.1 |
| 2012 | 30.6 | 1.5 | 1.0 | 2.3 | 0.6 | 5.1 | 1.1 | 1.7 | 0.3 | 5.3 | 3.7 | 6.9 |
| 2013 | 31.4 | 1.5 | 1.0 | 2.4 | 0.7 | 5.2 | 1.0 | 1.7 | 0.3 | 5.5 | 4.2 | 7.0 |
| 2014 | 31.8 | 1.5 | 1.0 | 2.5 | 0.7 | 5.2 | 1.1 | 1.7 | 0.3 | 5.6 | 4.2 | 7.0 |
| 2015 | 32.0 | 1.4 | 1.0 | 2.5 | 0.7 | 5.4 | 1.0 | 1.7 | 0.3 | 5.5 | 4.3 | 7.1 |
| 2016 | 32.5 | 1.4 | 1.1 | 2.6 | 0.7 | 5.4 | 1.1 | 1.7 | 0.3 | 5.6 | 4.4 | 7.2 |
| 2017 | 33.0 | 1.6 | 1.1 | 2.6 | 0.7 | 5.4 | 1.1 | 1.7 | 0.2 | 5.7 | 4.5 | 7.4 |
| 2018 | 33.4 | 1.8 | 1.1 | 2.7 | 0.7 | 5.5 | 1.1 | 1.7 | 0.2 | 5.7 | 4.5 | 7.4 |
| 2019 | 33.9 | 2.2 | 1.1 | 2.7 | 0.7 | 5.5 | 1.1 | 1.7 | 0.2 | 5.7 | 4.5 | 7.3 |
| 2020 | 34.3 | 2.4 | 1.1 | 2.7 | 0.7 | 5.5 | 1.1 | 1.7 | 0.2 | 5.8 | 4.6 | 7.4 |
| 2021 | 35.1 | 3.1 | 1.2 | 2.7 | 0.7 | 5.5 | 1.1 | 1.7 | 0.2 | 5.8 | 4.6 | 7.4 |
| 2022 | 35.9 | 3.8 | 1.2 | 2.7 | 0.7 | 5.5 | 1.1 | 1.7 | 0.2 | 5.8 | 4.7 | 7.4 |
| 2023 | 36.4 | 4.2 | 1.2 | 2.7 | 0.7 | 5.6 | 1.1 | 1.7 | 0.2 | 5.9 | 4.7 | 7.4 |
| 2024 | 36.5 | 4.2 | 1.2 | 2.7 | 0.7 | 5.6 | 1.1 | 1.7 | 0.2 | 5.9 | 4.7 | 7.4 |
| 2025 | 36.7 | 4.2 | 1.2 | 2.7 | 0.7 | 5.6 | 1.1 | 1.7 | 0.2 | 6.0 | 4.7 | 7.4 |
| 2026 | 36.9 | 4.3 | 1.2 | 2.7 | 0.7 | 5.6 | 1.1 | 1.7 | 0.2 | 6.0 | 4.8 | 7.5 |
| 2027 | 37.1 | 4.3 | 1.2 | 2.8 | 0.7 | 5.6 | 1.1 | 1.8 | 0.2 | 6.0 | 4.8 | 7.5 |
| 2028 | 37.2 | 4.3 | 1.2 | 2.8 | 0.7 | 5.7 | 1.1 | 1.8 | 0.2 | 6.1 | 4.8 | 7.5 |
| 2029 | 37.4 | 4.3 | 1.2 | 2.8 | 0.7 | 5.7 | 1.1 | 1.8 | 0.2 | 6.1 | 4.8 | 7.6 |
| 2030 | 37.6 | 4.3 | 1.2 | 2.8 | 0.7 | 5.7 | 1.1 | 1.8 | 0.2 | 6.2 | 4.9 | 7.7 |
| 2031 | 37.8 | 4.3 | 1.2 | 2.8 | 0.8 | 5.7 | 1.1 | 1.8 | 0.2 | 6.2 | 4.9 | 7.7 |
| 2032 | 38.0 | 4.3 | 1.3 | 2.8 | 0.8 | 5.7 | 1.1 | 1.8 | 0.2 | 6.3 | 4.9 | 7.8 |
| 2033 | 38.2 | 4.3 | 1.3 | 2.8 | 0.8 | 5.8 | 1.1 | 1.8 | 0.2 | 6.4 | 4.9 | 7.9 |
| 2034 | 38.4 | 4.3 | 1.3 | 2.8 | 0.8 | 5.8 | 1.1 | 1.9 | 0.2 | 6.4 | 5.0 | 7.9 |
| 2035 | 38.6 | 4.3 | 1.3 | 2.8 | 0.8 | 5.8 | 1.1 | 1.9 | 0.2 | 6.5 | 5.0 | 8.0 |
| 2036 | 38.7 | 4.3 | 1.3 | 2.8 | 0.8 | 5.8 | 1.1 | 1.9 | 0.2 | 6.5 | 5.0 | 8.0 |
| 2037 | 38.9 | 4.3 | 1.3 | 2.8 | 0.8 | 5.8 | 1.1 | 1.9 | 0.2 | 6.6 | 5.0 | 8.0 |
| 2038 | 39.0 | 4.3 | 1.3 | 2.8 | 0.8 | 5.8 | 1.1 | 1.9 | 0.2 | 6.6 | 5.1 | 8.0 |
| 2039 | 39.2 | 4.3 | 1.3 | 2.9 | 0.8 | 5.8 | 1.1 | 1.9 | 0.1 | 6.7 | 5.1 | 8.1 |
| 2040 | 39.3 | 4.3 | 1.3 | 2.9 | 0.8 | 5.8 | 1.1 | 1.9 | 0.1 | 6.7 | 5.1 | 8.1 |
| 2041 | 39.4 | 4.3 | 1.3 | 2.9 | 0.8 | 5.9 | 1.1 | 1.9 | 0.1 | 6.8 | 5.1 | 8.1 |
| 2042 | 39.6 | 4.3 | 1.3 | 2.9 | 0.8 | 5.9 | 1.1 | 1.9 | 0.1 | 6.9 | 5.2 | 8.2 |
| 2043 | 39.8 | 4.3 | 1.4 | 2.9 | 0.8 | 5.9 | 1.1 | 2.0 | 0.1 | 6.9 | 5.2 | 8.2 |
| 2044 | 40.0 | 4.3 | 1.4 | 2.9 | 0.8 | 5.9 | 1.1 | 2.0 | 0.1 | 7.0 | 5.2 | 8.3 |
| 2045 | 40.2 | 4.3 | 1.4 | 2.9 | 0.8 | 5.9 | 1.1 | 2.0 | 0.1 | 7.0 | 5.2 | 8.4 |
| 2046 | 40.4 | 4.3 | 1.4 | 2.9 | 0.8 | 5.9 | 1.1 | 2.0 | 0.1 | 7.1 | 5.3 | 8.5 |
| 2047 | 40.5 | 4.3 | 1.4 | 2.9 | 0.8 | 5.9 | 1.1 | 2.0 | 0.1 | 7.1 | 5.3 | 8.5 |
| 2048 | 40.7 | 4.3 | 1.3 | 2.9 | 0.8 | 5.9 | 1.1 | 2.0 | 0.1 | 7.2 | 5.3 | 8.6 |
| 2049 | 40.8 | 4.3 | 1.3 | 2.9 | 0.8 | 6.0 | 1.1 | 2.0 | 0.1 | 7.3 | 5.3 | 8.7 |
| 2050 | 41.0 | 4.3 | 1.3 | 2.9 | 0.8 | 6.0 | 1.1 | 2.0 | 0.0 | 7.3 | 5.4 | 8.8 |

Manufacturing Employment



Employment in Professional Services





County Economic and Demographic Indicators

Projected Economic Growth (2017-2022)

| | |
|----------------------------------|-------------|
| Expected retail sales growth: | 7.0% |
| Expected job growth: | 8.6% |
| Fastest growing jobs sector: | Agriculture |
| Expected personal income growth: | 12.9% |

| | |
|--|-------|
| Expected population growth: | 2.6% |
| Net migration to account for: | 63.0% |
| Expected growth in number of vehicles: | 9.9% |

Demographics (2017)

| | |
|---|-------|
| Unemployment rate (April 2017): | 4.6% |
| County rank* in California (58 counties): | 21st |
| Working age (16-64) population: | 60.5% |

| | |
|--|-----------|
| Population with B.A. degree or higher: | 23.3% |
| Median home selling price (2016): | \$325,000 |
| Median household income: | \$45,296 |

Quality of Life

| | |
|---|-------------------------|
| Violent crime rate (2015): | 588 per 100,000 persons |
| County rank* in California (58 counties): | 51st |
| Average commute time to work (2017): | 21 minutes |

| | |
|--|-------|
| High School drop out rate (2016): | 9.3% |
| Households at/below poverty line (2017): | 13.6% |

* The county ranked 1st corresponds to the lowest rate in California